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January 2, 2009

VIA ELECTRONIC FILING

Charles L.A. Terreni
Chief Clerk / Administrator
Public Service Commission of South Carolina
P.O. Box 11649
Columbia, SC 29211

RE: Application of Water Head, LLC, for Acquisition of Water System at Gauley Falls Subdivision, Pickens County, and for Expansion of Service Area
Docket No. 2008-270-W

Dear Mr. Terreni:

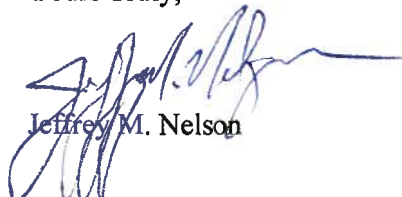
The Office of Regulatory Staff has recently held meetings with the owner and attorney representing Water Head, LLC ("the Company") with regards to the company's compliance with certain provisions of Order No. 2008-727, which the Commission published on November 6, 2008.

ORS has been made aware of negotiations regarding the pending sale and transfer of the Company's water system. Based on the information which it has been provided, ORS believes that the sale of the Company's assets may be both necessary and in the best interests of the customers of the system. We further believe that as the penalty owed by the Company under the settlement agreement between ORS and the Company referenced in Order No. 2008-727 may be a hindrance to the sale and transfer of the system that it would therefore be in the best interest of the systems customers to consider the waiver of the penalty. The transfer of the system to a viable entity possessing an adequate performance bond is the goal of ORS and we believe that this goal may best be accomplished through an agreement to waive any penalties owed by the Company.

ORS has been encouraged by the open exchange of information between it and the Company, and believes that the issues surrounding the operation of this system may soon be successfully resolved if the proper conditions are created to permit the pending sale to transpire.

If you have any questions with respect to this matter, please do not hesitate to contact me.

Yours Truly,



Jeffrey M. Nelson

cc: Robert T. Bockman, Esq.